

ONE Minute Brief

23 September 2016

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Economic and Political News

In a widely anticipated move, the South African Reserve Bank (SARB) kept the key interest on hold at 7.0% in its monetary policy meeting, albeit hinting that it might be close to the end of its policy-tightening cycle. SARB Governor, Lesetja Kganyago indicated that the central bank expects GDP growth of 0.4% for 2016, compared to the 0% growth previously expected, while growth for 2017 and 2018 is anticipated to accelerate to 1.2% and 1.6% respectively. Moreover, it stated that consumer price inflation is expected to average 6.4% in 2016, lower than the earlier forecast of 6.6%, while also revising its 2017 forecast lower to 5.8% from 6.0%.

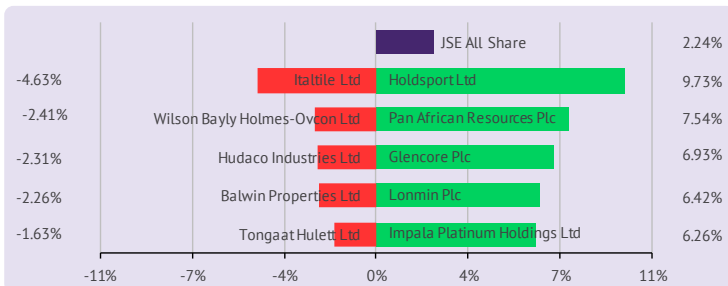
According to the Bureau for Economic Research survey, average inflation expectations for 2017 in South Africa eased to 6.0% in 3Q16 from 6.2% in the second quarter.

Democratic Alliance announced that the leaked findings of an inter-ministerial committee (IMC) on banks' decision to break relations with Oakbay Investments suggested that Finance Minister, Pravin Gordhan was the real target of a judicial inquiry introduced by his Cabinet colleague Mosebenzi Zwane.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, amid gains in platinum and gold mining sector stocks. The SARB kept the benchmark interest rate steady at 7.0% in its recent monetary policy meeting. The JSE All Share Index rallied 2.2% to close at 51,895.18.



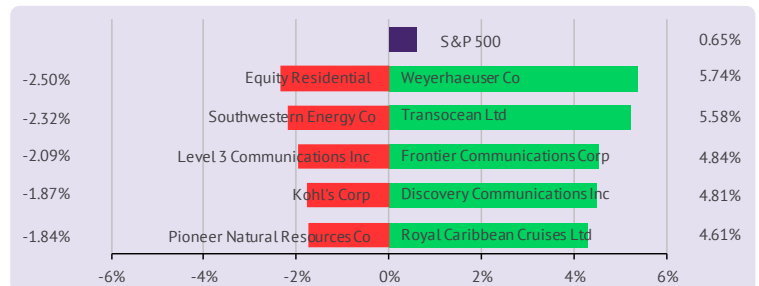
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	51895.18	▲	1137.36	2.24%	0.12%	-1.59%	-0.12%	2.37%
JSE Top 40	45307.58	▲	1022.95	2.31%	-0.27%	-2.06%	0.75%	-1.07%
FTSE 100	6911.40	▲	76.63	1.12%	3.00%	1.92%	0.85%	10.72%
DAX 30	10674.18	▲	237.69	2.28%	3.87%	0.77%	2.47%	-0.64%
CAC 40	4509.82	▲	100.27	2.27%	4.09%	1.61%	-0.04%	-2.74%
S&P 500	2177.18	▲	14.06	0.65%	1.78%	0.29%	-0.12%	6.52%
Nasdaq Composite	5339.52	▲	44.34	0.84%	1.81%	2.42%	0.99%	6.63%
DJIA	18392.46	▲	98.76	0.54%	1.48%	-0.05%	-0.17%	5.55%

US Market ▲

The S&P 500 futures are trading in the red

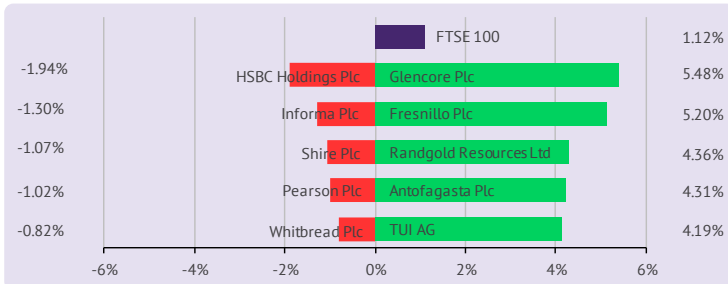
US markets closed higher yesterday, supported by gains in real estate sector stocks. Data revealed that initial jobless claims in the US eased unexpectedly last week. The S&P 500 Index climbed 0.7% to close at 2,177.18.



UK Market ▲

The FTSE 100 futures are trading in negative territory

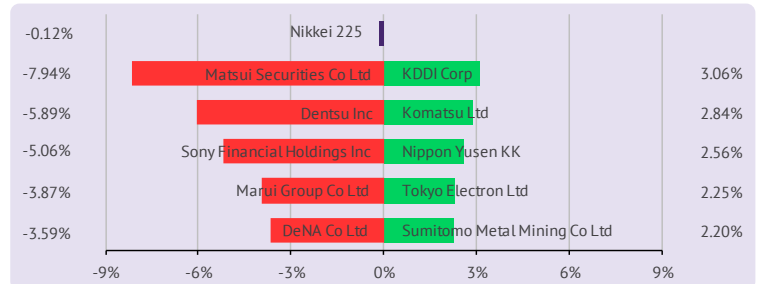
UK markets finished higher yesterday, led by gains in mining sector stocks. Data indicated that UK's CBI total order book above normal remained unchanged in September. The FTSE 100 Index advanced 1.1% to close at 6,911.40.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. Earlier in the session, preliminary data indicated that Japan's Nikkei manufacturing PMI expanded for the first time in seven months in September. The Nikkei 225 Index is trading 0.1% lower at 16,787.16.



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USDZAR ▲

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar climbed 0.1% against the South African Rand to trade at R13.6573. Later today, traders will keep a close watch on US Markit manufacturing PMI for further direction.

The US Dollar rose against the South African Rand yesterday, after data indicated that the number of people applying for unemployment benefits declined unexpectedly last week to its lowest level since July. Meanwhile, the nation's existing home sales fell surprisingly for a second consecutive month in August. Moreover, leading indicator dropped unexpectedly in August from July. Elsewhere, the SARB kept the key interest rate unchanged at its monetary policy meeting while projecting growth of 0.4% in 2016 from 0% growth previously expected.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.2% lower against the South African Rand at R17.8140. With no major economic news in the UK today, investor sentiment will be determined by global macro-economic news.

The British Pound advanced against the South African Rand yesterday. Separately, data indicated that UK's CBI industrial trend orders remained steady in September from August.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro dropped marginally against the South African Rand to trade at R15.2914. Going forward, market participants will keep a tab on Markit's survey for services and manufacturing PMIs across the Eurozone for further cues.

The Euro strengthened against the South African Rand yesterday. Preliminary data indicated that Eurozone's consumer confidence advanced slightly in September, although remaining in the negative territory.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% weaker against the South African Rand at R10.4246.

The Australian Dollar rose against the South African Rand yesterday.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.6573	▲	0.51%	-3.77%	-7.36%	6.14%	-11.80%
GBPZAR	17.8140	▼	0.88%	-3.21%	-7.77%	5.43%	-21.71%
EURZAR	15.2914	▼	0.70%	-3.31%	-6.94%	5.96%	-8.98%
AUDZAR	10.4246	▼	0.77%	-1.57%	-5.81%	4.86%	-8.18%
EURUSD	1.1195	▼	0.17%	0.48%	0.45%	-0.14%	3.15%
GBPUSD	1.3038	▼	0.35%	0.58%	-0.46%	-0.70%	-11.29%
Brent (\$/barrel)	47.3	▼	1.75%	4.11%	1.62%	7.72%	27.82%
Gold (\$/oz)	1338.3	▼	1.02%	2.64%	2.51%	-3.05%	26.46%
Platinum (\$/oz)	1057.5	▼	1.42%	4.44%	0.88%	-8.44%	19.19%
Copper (\$/MT)*	4835.0	▲	2.01%	1.33%	4.98%	-6.30%	2.75%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices fell 0.2% to trade at \$1,338.30/oz.

Yesterday, gold prices rose 1.0% to close at \$1,340.70/oz, extending gains from previous sessions following a weaker US Dollar and FOMC's decision to leave interest rate unchanged.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.8% lower to trade at \$47.25/bl.

Yesterday, Brent crude oil advanced 1.8% to settle at \$47.65/bl, extending previous session gains after a surprise decline in US inventories eased some oversupply concerns and ahead of the OPEC meeting in Algeria which is expected to see a discussion on means to stabilize oversupplied crude markets.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices declined 0.5% to trade at \$1,057.50/oz.

Yesterday, platinum prices climbed 1.4% to close at \$1062.80/oz.



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Major South Africa Corporate News

Peregrine Holdings Limited

The company stated that Jonathan Hertz, the CEO, has informed the Board of his intention to step down with effect from June 30, 2017. The company indicated that it will now embark on a formal process to identify and appoint a successor to ensure a smooth and efficient handover.

Major Global Economic News

US

In the week ended September 17, 2016, the seasonally adjusted initial jobless claims in the US recorded an unexpected drop to 252.00K, compared to market expectations of an advance to a level of 261.00K. In the prior week, initial jobless claims had recorded a reading of 260.00K.

On a monthly basis, the housing price index in the US advanced 0.5% in July, compared to a revised advance of 0.3% in the previous month. Markets were anticipating the index to climb 0.3%.

In August, existing home sales unexpectedly fell by 0.9%, on monthly basis, to a level of 5.33mn in the US, compared to a revised level of 5.38mn in the previous month. Markets were expecting existing home sales to climb to 5.45mn.

In the US, leading indicator unexpectedly fell 0.2%, on a monthly basis in August, compared to a revised rise of 0.5% in the previous month. Markets were anticipating leading indicator to record an unchanged reading.

UK

In the UK, the CBI total order book above normal remained unchanged at a level of -5.00 in September. Market anticipation was for the total order book above normal to record a steady reading.

Asia

The preliminary manufacturing PMI in Japan climbed to 50.30 in September, compared to a reading of 49.50 in the previous month.

In China, the MNI business sentiment index advanced to 55.80 in September. In the prior month, the index had registered a revised level of 54.10.

Eurozone

In September, the preliminary consumer confidence index climbed to -8.20 in the Eurozone, meeting market expectations. In the previous month, the index had recorded a level of -8.50.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	02:30	Nomura/ JMMA Manufacturing PMI (Sep) (P)	✓✓	50.30*	49.50	Monthly
China	03:45	MNI Business Sentiment Survey (Sep)	✓	55.80*	54.10	Monthly
Japan	06:30	All Industry Activity Index (MoM) (Jul)	✓✓	0.30%*	1.00%	Monthly
France	08:45	Gross Domestic Product (QoQ) (Q2) (F)	✓	0.00%	0.00%**	Quarterly
Eurozone	08:45	ECB's Constancio Chairs Panel at ESRB Conference in Frankfurt	✓	-	-	As scheduled
France	09:00	Markit Manufacturing PMI (Sep) (P)	✓	48.50	48.30	Monthly
France	09:00	Markit Services PMI (Sep) (P)	✓	52.00	52.30	Monthly
Germany	09:30	Markit Services PMI (Sep) (P)	✓✓	52.10	51.70	Monthly
Germany	09:30	Markit Manufacturing PMI (Sep) (P)	✓✓	53.10	53.60	Monthly
Eurozone	10:00	Markit Composite PMI (Sep) (P)	✓✓✓	52.80	52.90	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Sep) (P)	✓✓✓	51.50	51.70	Monthly
Eurozone	10:00	Markit Services PMI (Sep) (P)	✓✓✓	52.80	52.80	Monthly
Canada	14:30	Consumer Price Index - Core s.a. (MoM) (Aug)	✓✓	0.20%	0.10%	Monthly
Canada	14:30	Consumer Price Index (MoM) (Aug)	✓✓	0.10%	-0.20%	Monthly
Canada	14:30	Retail Sales (MoM) (Jul)	✓✓	0.10%	-0.10%	Monthly
Canada	14:30	Bank of Canada Consumer Price Index Core (MoM) (Aug)	✓✓	0.20%	0.00%	Monthly
Canada	14:30	Consumer Price Index s.a. (MoM) (Aug)	✓✓	0.20%	0.00%	Monthly
US	15:45	Markit Manufacturing PMI (Sep) (P)	✓✓	52.00	52.00	Monthly
Eurozone	16:00	ECB's Weidmann speaks at German-French Finance Event in Berlin	✓	-	-	As scheduled
US	18:00	Fed's Harker, Mester, Lockhart on Panel at Philly Fed Conf	✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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